

# TECHNICAL MEMORANDUM

## Utah Coal Program

---

February 16, 2010

TO: Internal File

THRU: April Abate, Team Lead *CCC 2-17-2010*  
Daron Haddock, Permit Supervisor *10074*

FROM: Priscilla Burton, CPSSc, Environmental Scientist III *PWB b782 S*

RE: Mid-term Review, UtahAmerican Energy, Inc., Centennial Project, C/007/0019,  
Task # 3465

### SUMMARY:

The midterm review has been ongoing and was the subject of previous review Tasks 3276 and 3409. The information received to date is recommended for approval.

The application provides updates to Appendix 1 Part 1 Ownership and Control and App. 1 Part 3 Violation information, as well as updates to the subsurface ownership in the MRP, Section 112.500.

The Division of Air Quality was notified of the temporary cessation of the Centennial mine by letter dated December 17, 2009.

Well sites GVH 1 and 5 were reclaimed during the fall 2009, using the seed mix described in Table 3-3 (with Triticale addition). The disposition of all remaining well sites will be evaluated annually in the Annual Report. Andalex Resources, Inc. retains responsibility for reclamation of well sites 3, 4, 7, 7A, 8, 8A, 9, 11, 12, 13 that are used by Oso Energy.

TECHNICAL MEMO

---

**TECHNICAL ANALYSIS:**

**GENERAL CONTENTS**

**IDENTIFICATION OF INTERESTS**

Regulatory Reference: 30 CFR 773.22; 30 CFR 778.13; R645-301-112

**Analysis:**

Andalex Resources, Inc. (entity 112234) is the Owner and Permittee of the Centennial Mine (C/007/019). Section 112 of the MRP describes Andalex Resources, Inc. as a Delaware corporation which is a wholly owned subsidiary of UtahAmerican Energy Inc. (UEI, entity 146487), which in turn is a wholly owned subsidiary of Murray Energy Corp and which is owned 100% by Murray Energy Holdings. Andalex Resources Inc. and AMCA Coal Leasing, Inc own the Centennial Mine permit area leases. Figure 1 of Appendix 1 Part 1 clarifies the ownership family tree (OFT) for the Centennial Mine. The OFT provides company addresses and federal identification numbers. This information agrees with that currently in the OSM database. [11252009]. Recently provided information in Appendix X, Attachment 1-1 indicates that Oso Energy Resources Corp. is a mineral lease owner whose name and address have been included in the MRP Section 112.500. [02112010]

All employer ID numbers are on Figure 1. Company officers and addresses are listed in the Sections of Appendix 1, Part 1. UEI assumed ownership of Andalex Resources, Inc. in the late summer 2006. Dave Shaver is the Resident Agent. [04042008]

App 1, Part 2 Current and Previous Coal Mining Permits lists five Utah mining companies and 14 others across the nation, with fifty-three different permits listed. [04042008]

As stated in Volume 1, Section 112.700, page 14, The U.S. Department of Labor, Mine Safety and Health Administration has issued three identification numbers relative to the Centennial Project; these are:

1. MSHA No. 42-01474 for the Pinnacle Mine,
2. MSHA No. 42-01750 for the Apex Mine, and
3. MSHA No. 42-02028 for the Aberdeen Mine.

[04192007]

**Findings:**

The information provided meets the requirements of the ownership and control Rules.

**VIOLATION INFORMATION**

Regulatory Reference: 30 CFR 773.15(b); 30 CFR 773.23; 30 CFR 778.14; R645-300-132; R645-301-113

**Analysis:**

Appendix 1 Part 3 of the MRP provides a listing of violation information that is current as of August 2009. [11252009]

**Findings:**

The information provided meets the requirements of the Regulations.

**RIGHT OF ENTRY**

Regulatory Reference: 30 CFR 778.15; R645-301-114

**Analysis:**

Appendix J provides lease documents. Appendix R provides surface owner consent for severed surface and mineral estates.

R645-301-114 provides a detailed description of each lease and a legal description of lease area. Section R645-301-111 describes the total lease acreage by ownership type, but Figure 1-2 illustrates the permit area and provides the most succinct itemization of the permit area by ownership as follows:

- 1,080.00 fee coal
- 1.5 private easement
- 5,435.88 federal coal
- 11.45 Bureau of Land Management (BLM) surface R.O.W.
- 6,528.83 TOTAL Permit Area Acres [03272008]

According to information provided under R645-301-114, Andalex Resources, Inc., in a sublease agreement with AMCA Coal Leasing, Inc., currently holds all of the private and federal coal leases in the permit area. The acreage of each lease is described in Section R645-301-114.

---

TECHNICAL MEMO

---

Appendix J of the MRP contains approvals of lease agreements that provide right of entry to the permit area shown on Figure 1-2 and Plate 4 Centennial Project Leases. [03272008]

The mine facilities surface disturbed area shown on Plate 5 is located in T 13 S, R 11 E Section 18 and T 13 S, R 12 E, Section 7 on surface owned by Zion Securities Corp, the United States, administered by the Bureau of Land Management and by David Cave (Sections R645-301-111 page 1-3 and 112 and Plates 1 & 2). The 1.5 acres owned by David Cave are described in Item 14) of Section R645-301-114. Names and addresses of each surface and subsurface owner of property contiguous to the permit area is shown on Plates 2 and 3. [03272008]

The degasification wells are described in Appendix X of the MRP. The wells are located in T 12 S R 11 E Section 31 and in T 13 S, R 10 E Section 1 and in T 12 S, R 10 E Section 36 along the lengths of longwall panels#6, #7, and #8. Figure 1-1 of Appendix X provides well locations and surface ownership of the well sites. Mineral rights (gas) are held by the surface owners and leased by Oso Energy. [04192007]

Appendix X, Attachment 1-1 contains an Operating Agreement dated February 14, 2006 between Oso Energy Resources Corp and Andalex Resources, Inc for a methane collection for the gob vent holes permitted under SMCRA. [11252009]

On October 8, 2008, the location of four well sites drilled by Oso Energy (separate from the gob vent holes) in T 12 S, R 11 E, Sec. 31 was removed from the disturbed area, as shown on Figure 1-2A.

Surface landowner agreements in Appendix X-4-2 confirm landowner notification and agreement to surface drilling of the gob vent holes.

**Findings:**

The Permittee has met the Right of Entry requirements of the regulations.

## ENVIRONMENTAL RESOURCE INFORMATION

Regulatory Reference: Pub. L 95-87 Sections 507(b), 508(a), and 516(b); 30 CFR 783., et. al.

## OPERATION PLAN

## AIR POLLUTION CONTROL PLAN

Regulatory Reference: 30 CFR 784.26, 817.95; R645-301-244, -301-420.

### Analysis:

Appendix 1 Part 4 contains the 1996 Air Quality Approval Order (AO) DAQE-997-96 and subsequent communication with the Utah Division of Air Quality on November 18, 2003, describing a decrease in emissions from the site.

The Gob Vent Amendment X describes watering of the access roads (see Chapter 4, page 4-3, section 424, Fugitive Dust Control Plan, reviewed as Task ID #2161). The application of water will be of sufficient frequency and quantity to maintain the surface material in a damp/moist condition unless the weather is below freezing.

The Division of Air Quality was notified in 2003 following the closure of the Apex Mine (see Appendix 1, Part 3 Air Quality Approval Order). The BLM offices were notified of recent Temporary Idle Status in June 2008. The MSHA offices were notified of idle status in November 2008. The Division of Air Quality was notified of idle status on December 17, 2009 as part of the mid-term review (2010/Incoming/01282010).

### Findings:

The information provided meets the requirements of the regulations.

## CONTEMPORANEOUS RECLAMATION

Regulatory Reference: 30 CFR Sec. 785.18, 817.100; R645-301-352, -301-553, -302-280, -302-281, -302-282, -302-283, -302-284.

### Analysis:

Appendix X, Section 111 and Table 1-1 provides a summary of the well site activity to date. In the summer 2009, the Division observed the following well sites to be utilized and/or impacted by Oso: GVH sites 3, 4, 7, 7A, 8, 8A, 9, 11, 12, 13. The Permittee will provide updates to the status of the wells with the annual reports (Section 111). Andalex remains responsible for the final reclamation of the wells and will honor the terms of the landowners agreement with Oso Energy Corp (Sec. 412).

Well sites GVH 1 and 5 were reclaimed during the fall 2009 in response to NOV 10040, using the mix described in Table 3-3 with the addition of 5 lbs/acre of Triticale (sterile rye).

---

TECHNICAL MEMO

---

Well sites 5A and 6 were no longer producing gas, but are considered integral to the overall mine ventilation system and will remain on stand-by status (Section 411).

The following pad sites were developed, but no wells were been drilled before the mine went into cessation: GVH 12, 13, 14, 15, 16, 17. Pads 11, 12, and 13 were constructed in 2007. Well site 11 intercepts the works that were developed in panel 10 just prior to mine closure.

Table 1-2 describes the acreage of disturbance remaining after contemporaneous reclamation at each well site. Table 2-1 describes the volume of stockpiled topsoil remaining at each well site.

**Findings:**

The information provided meets the requirements of the regulations.

**RECOMMENDATIONS:**

Approval of the information is recommended.